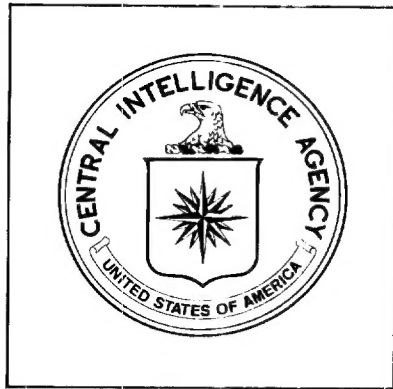


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SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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USA Institute Officials Hedge
on Strategic Arms Reductions

L. S. Semeyko, a strategic specialist in the USA Institute, has backtracked on his suggestion to US officials in March (*Staff Notes*, March 13, 1975) that a 20-30 percent reduction in Soviet strategic weapon systems was possible immediately following conclusion of a SALT II agreement.

Semeyko and a senior institute colleague, M. A. Milshtein, recently told US diplomats that the 20-30 percent reduction was largely a personal perception. Semeyko now predicts that any initial reduction would probably be less than 10 percent. He also said that any specific proposals on reductions should come from the US rather than the USSR and endorsed proposals he attributed to Senator Jackson which would begin reductions by retiring obsolete systems.

Semeyko's new stand is closer to the official Soviet position, which envisions reductions in the post-1980 period if the problems of nuclear forces of third countries and of US forward-based systems can be resolved. While academicians are obviously studying a range of possible reductions, the USA Institute would be concerned about having its people stray very far from the official line on this subject of delicate bilateral negotiation. Soviet leaders themselves have affirmed Moscow's interest in eventual strategic reductions, but studiously avoided specifics. (SECRET NO FOREIGN DISSEM/BACKGROUND USE ONLY)

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Soviet Trade Union Plenum Fails To
Name Successor to Shelepin

The failure of the Soviet trade union plenum yesterday to name a successor to Aleksandr Shelepin, whom it retired as a trade union head, suggests that in this as in other recent personnel shifts, the regime is undecided or perhaps deadlocked on whom to choose. The trade union post carries little power in itself, but usually calls for full or candidate Politburo membership. The filling of this vacancy, like that of former party secretary Petr Demichev, involved patronage and will thus play a role in the political maneuvering and shifts of alignment that will gather momentum prior to next February's party congress.

Most previous heads of the Soviet trade unions have had considerable party experience and have usually held either candidate or full membership on the Politburo. The job has only rarely served as a stepping stone to higher office, however, and has not been a significant power base in itself. Announcement of a new trade unions chief may be delayed until arrangements for further shifts in the leadership have been completed.

There are unconfirmed but plausible reports in Moscow that Shelepin will be named a deputy chairman of the State Committee for Vocational and Technical Education. Since Stalin's death, high-ranking party officials whose careers have collapsed have been allowed to retire, sent into diplomatic exile, or appointed to minor government jobs. Shelepin at 56 is too young to retire. Diplomatic exile seems out of the question in view of the hostile reception he received during his brief visit to the UK this spring. His former colleagues, who apparently regarded him as an overly volatile combination of ability and ambition, would regard the deputy chairmanship of a relatively unimportant state committee as an appropriate form of "government exile." (CONFIDENTIAL)

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Soviets Deal Cautiously
with Portuguese Situation

As the political situation in Portugal becomes increasingly heated, the Soviets apparently are advising the Portuguese Communist Party with renewed urgency to cling tightly to the skirts of the Armed Forces Movement.

The head of a Soviet youth organization who met with the entire Politburo of the Portuguese Communist Party in late April, told an Austrian colleague on May 13 that the Portuguese party can increase its influence only in cooperation with the Armed Forces Movement. All "progressive" and communist groups, he said, should do everything in their power to strengthen the position of the Movement. The Soviet official expressed concern that "rightist elements" in the army returning from Angola in November could create a dangerous turning point in the Portuguese situation.

Careful cultivation of the Armed Forces Movement has been the backbone of Soviet policy in Portugal since the overthrow of the old regime. Moscow has recognized that the military control the political process, and good relations with the Movement give the Soviets a hedge if the fortunes of the Communist Party go the route of other Portuguese parties. The Soviets cannot be pleased that an open breach seems to be developing between the Portuguese Communists and at least some important elements of the Armed Forces Movement.

The Soviets continue, however, to be uneasy over future policies of the Movement. Moscow's misgivings about the Portuguese situation are also reflected in its diffident media coverage of developments there. The Soviets press has been avoiding the subject, and has published no major editorial on Portuguese events since the elections of April 25. (SECRET NO FOREIGN DISSEM)

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Soviets Annoyed at Chinese
Meddling in Western Europe

Soviet sensitivity to Chinese diplomacy in Western Europe has become very evident in the wake of Deputy Premier Teng Hsiao-ping's recent visit to France. The Soviets have accused Peking of attempting to undermine detente and to return Europe to the worst days of the cold war and have charged that Teng's mission in France was another Chinese effort to unite Europe against the Soviet Union.

The volume of Moscow's propaganda on the Teng visit and the appointment of a Chinese representative to the EC suggests that the Soviets are genuinely concerned that Peking will have some success in rallying anti-Soviet forces in Western Europe to impede progress toward winding up the European Security talks and to complicate whatever plan Moscow has for a follow-up. Soviet propaganda has stressed that Chinese contacts with conservative politicians like Edward Heath and Franz-Josef Strauss reflect a common feeling of anti-Sovietism and hostility toward detente.

Moscow has also linked Chinese efforts to rally opposition to European security measures with Peking's opposition to a Soviet-sponsored Asian security program. The Asian program, announced six years ago in Moscow, has not taken on specific form but its obvious anti-Chinese intent has been clear all along. In tying Asian to European security in this way, Moscow may be suggesting that the conclusion of CSCE will enable it to present a formal framework for Asian security arrangements. (UNCLASSIFIED)

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Some Probable Successors as President
of the USSR Academy of Sciences

Leading the list of probable successors to M. V. Keldysh, who submitted his long-expected resignation from the post of Academy president on May 19, is B. Ye. Paton, president of the Ukrainian Academy of Sciences. In fact, Paton told an East European scientist last March that he was slated for the job. It may not be all that cut and dried, but Paton would seem to have all the necessary qualifications. The 56-year-old Paton was born in the Ukraine but is of Russian descent. He is a respected scientist and current member of the academy Presidium, which would make him acceptable to his academician colleagues. As a voting member of the central committees of the CPSU and the Ukrainian party, as well as deputy chairman of the Council of the Union of the USSR Supreme Soviet and a member of the Ukrainian Supreme Soviet Presidium, he enjoys high status in both the party and state.

Paton is known for his practical application of research and his contributions to the Soviet economy, particularly to the heavy machine industry. This will be a plus for the Soviet leadership which has complained that the academy places too much emphasis on basic research. Other candidates for the presidency of the academy are: Yuriy Ovchinnikov, at age 41 the youngest of the academy's vice presidents, who has had a very rapid rise in the academy hierarchy; Anatoliy Logunov, 48, who was recently appointed first vice president and is now technically second in position to the president; and Nikolay Basov, 53, a member of the Presidium and director of the prestigious Physics Institute *imeni* P. N. Lebedev. (CONFIDENTIAL NO DISSEM ABROAD/CONTROLLED DISSEM)

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The USSR's early success in building up markets in the West for its passenger cars faded in the past year in the wake of recession and inflation in key market countries. In 1973, the peak export year, the USSR shipped a total of 60,000 cars to the West, mainly to Western Europe. In the UK, sales rose to 18,000 in 1973, but dropped to about 7,000 last year. Sales are also declining in West Germany and a number of other West European countries.

The Soviets have pushed the sale of their low-priced cars so aggressively that some Western manufacturers complain of dumping. For example, in the UK the Lada is priced at \$2,400--23 percent below the price of its Italian counterpart, the Fiat 124--and the Moskvich sells for \$1,800. After several years of double digit inflation, British car prices start at around \$3,000. Nevertheless, the Soviet cars sold poorly in 1974 at the several hundred dealerships in the UK, and inventories are high at the new \$1.5 million distribution center opened last year at Carnaby.

Western car builders have not viewed the Soviets as serious competitors because, until recently, Soviet cars were poorly built, sales and service organizations inadequate, and the output small. The quality of new cars has substantially improved since the USSR opened its new Fiat plant at Tolyatti. Moreover, the industry is no longer small. Over 600,000 cars in several models from the Tolyatti plant and 300,000 newly designed Moskviches are turned out annually. The USSR can easily expand exports to the West several fold when market conditions improve. (CONFIDENTIAL NO FOREIGN DISSEM)


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USSR: New Cargo Aircraft

The USSR's new medium- to long-range IL-76 jet cargo aircraft recently began regular civil air operations in western Siberia.

Earlier this year, Civil Aviation Minister Bugayev had hinted that the IL-76 would be entering service, and the Soviets are known to have run a series of test flights between cities in European Russia and Siberia. The Soviet military has received most of the estimated 19 IL-76s that have been produced, however, and the aircraft will be used primarily as a military cargo transport.

Current production of the IL-76 is running at one per month. The four-engine turbofan aircraft can carry a payload of some 17 tons for up to 5,300 nautical miles, or 44 tons for up to 2,800 miles. (CONFIDENTIAL NO FOREIGN DISSEM)

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